



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 14, 2005

S. 306

Genetic Information Nondiscrimination Act of 2005

*As reported by the Senate Committee on Health, Education, Labor, and Pensions
on February 10, 2005*

S. 306 would prohibit the use of genetic information (including results of genetic tests and family history of disease) by employers in employment decisions and by health insurers and health plans in making enrollment determinations and setting insurance premiums.

CBO estimates that enacting the bill would increase the number of individuals who obtain insurance by about 1,000 people per year, nearly all of whom would obtain insurance in the individual market. The bill would affect federal revenues because some of the premiums paid by those newly insured individuals would be tax-deductible. CBO estimates that enacting S. 306 would decrease revenues by less than \$500,000 in each year from 2006 through 2015.

The bill would require the Secretaries of Health and Human Services (HHS), Labor, and the Treasury to issue regulations to carry out the provisions of this bill, and would require the Secretaries of HHS and Labor to enforce those provisions. In addition, the bill would establish a commission to review the science of genetics and to make recommendations to the Congress on the need to establish a disparate impact standard for genetic discrimination. The bill would authorize the appropriation of such sums as necessary to establish the commission and to carry out the other provisions of the bill. Assuming the appropriation of the necessary amounts, CBO estimates that implementing S. 306 would cost less than \$500,000 in 2006 and about \$2 million over the 2006-2015 period. We estimate that the bill would have no significant effect on direct spending.

S. 306 would preempt some state laws that establish confidentiality standards for genetic information, and would restrict how state and local governments use such information in employment practices and in the provision of health care to employees. The preemption and the limitations on state and local actions would be intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but there is little indication that state, local,

or tribal governments currently engage in or are likely to engage in the activities that would be prohibited by the bill. Consequently, CBO estimates that the costs of the mandates would not be significant and would not exceed the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation).

The bill contains private-sector mandates on health insurers, health plans, employers, labor unions, and other organizations. CBO estimates that the direct cost of those requirements would not exceed the annual threshold specified in UMRA (\$123 million in 2005, adjusted annually for inflation) in any of the first five years in which the mandates would be effective.

The CBO staff contacts for this estimate are Tom Bradley (for the federal budget impact), Leo Lex (for the state and local impact), and David Auerbach (for the private-sector impact). This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.